

# California Marine Affairs and Navigation Conference

Presentation of James M. Haussener, Executive Director of the California Marine Affairs and Navigation Conference to the U.S. Army, Corps of Engineers, Planning Community of Practice Conference 2006, May 10, 2006, San Francisco California

Thank you for attending this panel. Based on part of our mission of discussing what works and what needs improvement on a regional and national basis, this panel has the ability to do a little Corps bashing, which I will try hard not to do ~ although it is difficult when talking about an agency whose unofficial motto is “lets not shoot our self in the foot today.” Not only did Ellen do a great job in getting presenters from diverse organizations she also got an attorney, scientist, professional engineer, and me ~ the comic relief.

I appreciate you attending this panel’s presentation rather than one of the others taking place at the moment, I know how wonderful it is to talk about have you touched your RIT today, can somebody please find an issue that we don’t need to have an issue resolution conference on, planning for the budget out years, or my favorite, which is appropriate considering my navigation/transportation view point ~ how to get more assumptions into the spatial equilibrium model.

Planning within the Corps is under attack. Last decade we saw the 6 months and \$100,000 recon study. We look at the planning budgets of the past few years of this decade and see a massive decline. With cost sharing, there is a real desire by equity local sponsors to get their specific project built. They have spent enough time just getting through the hurdles of having a federal project authorized and appropriated and have disdain for what appears to be a plodding step by step process. Yet, with watershed and ecosystem approaches, there is a belief of an even greater need for planning that needs to take place. How are you going to reconcile the faster, cheaper model with the in-depth planning that should be taking place?

Before I start with my comments, I want to remind you what you have been hearing for several years from your stakeholders. I know you have heard the words, but have you taken the time to integrate them into the collaborative process that the Corps fully needs to invest in? These comments are:

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- ▶ Change or be changed.
- ▶ We are partners-treat us this way. Partners want meaningful involvement in project design / process (co-production).
- ▶ Be responsive to our needs and constraints. Provide predictability. Project delivery-on time and on budget-will show tangible evidence that the Corps is progressing.
- ▶ Corps internal processes take too long.
- ▶ Congressional and the country's priorities-homeland security, Iraq reconstruction and disaster response will mean less resources available for other purposes.
- ▶ Openness; honest and timely communication; willingness to listen; and, learn integrity of behavior

This is a tough list that your stakeholders have asked of you. Frankly I do not have the personal ability to meet what is being asked of each and every one of you on a daily basis.

I do want to emphasis one item on the list and ask that you adopt this as your mantra: it is absolutely crucial for better communications between the Corps and local sponsors, between the members of the Corps at the same level, as well as at each level of the Corps' hierarchy. The Corps needs to be a bottom up organization in its communications system. I cannot overemphasize this need. I know project managers who have never talked to particular local sponsors, or O&M staff not talking to Construction General staff about the same navigation channel

I am here today, because CMANC believes in the Corps of Engineers. We want you to become a better organization with a mission of serving the Nation, not just the Corps. In some regards, we are surprised the Corps executes as well as you do with the various distractions, change of direction and deployments to combat and disaster areas.

As you are a national audience, I want to provide you with some background on California's interdependent system of ports. California's ports are not involved in a "race to the bottom" in direct competition with each other for calls by the latest generation of deep draft vessels. In California, the ports are interdependent. They are independent, yet experience a measure of vigorous competition for discretionary cargo not dependent on adjacent population centers and/or agricultural regions. Two major deep draft container

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port systems (San Francisco-Oakland; and Los Angeles – Long Beach) service the two major population centers in northern California and southern California, respectively. Due to market decisions and environmental issues these two major container port systems are part of a larger network.

Intermodal connections and system improvements associated with California ports are driven by the economies of scale made possible by the large volume movements of cargo onto and off of very large, latest-generation ships. This requires deeper water, seismically safe wharves, complex fendering systems, and larger, more extensive backlands (yards, gates, and surface transportation connections).

As containerization continues to grow, the larger ports are not able to meet the needs of all users of the maritime cargo system. Products such as automobiles and petroleum are two examples of commodities finding a “market niche” in the smaller ports of the system. General categories of bulk and break-bulk cargo, serving agriculture, construction, and manufacturing are also market driven to smaller deep draft ports such as Port Hueneme, Port of San Diego, Port of Richmond, Port of Stockton, Port of Redwood City and the Port of Sacramento. In turn, other maritime users such as fisheries, research, recreation, support (tug assist, bunkering, vessel repair, and provisioning) security, and search-and-rescue are driven by these same market forces to shallow draft ports and harbors.

A dramatic example of California’s interdependent system of ports is the agricultural cycle in northern California. Fertilizer is imported in bulk, through the Port of Stockton. Produce, in turn, is exported in bulk, break-bulk, and containers, through the Ports of Stockton, Sacramento, and Oakland in important overseas markets. California is the largest food and agricultural economy in the world. About 20 percent of the state’s annual production is exported. This trade is dependent on efficient, effective and dependable cargo infrastructure.

California’s ports are pursuing initiatives for intermodal and trans-shipping products from smaller deep draft ports and interior shipping centers to larger deep draft ports for final export. Due to economic and environmental issues such as landside traffic congestion, safety, and air emissions, ports are planning, designing, and construction the infrastructure to integrate truck borne cargo with other forms of transportation. Examples

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of this include the recently opened Joint Intermodal Terminal serving the Port of Oakland and the Alameda Corridor in southern California. The Port of Oakland, working with other regional ports, and the State of California, is proposing a California Inter-Regional Intermodal System (CIRIS), which will have, as its initial pilot phase, rail service between Lathrop/Stockton and Oakland. If successful, this project could extend to Sacramento in a loop service with potential for reaching south of Stockton and north of Sacramento up into the Reno/Sparks area of Nevada.

If the planning, design, and construction of required infrastructure, including entrance, channel, and harbor improvements is not adequately funded; and maintenance of Federally authorized projects is curtailed, a key link in the interdependent system of safe, economical, efficient, and environmentally sustainable international trade will be seriously harmed. The most efficient vessel fleet mix will not have the adequate water depths, safe channels, and turning basins necessary to call at the state's interdependent system of ports and harbors. Shippers will be forced to turn to less efficient, more expensive, less environmentally sustainable forms of cargo transportation, such as long haul trucks to out-of-states ports or Canada and/or Mexico. This will increase traffic congestion, hazardous driving conditions, additional polluting air emissions, and have an adverse impact on economic recovery and exacerbate trade imbalance.

California is one of the world's largest economies. Over 40% of the nation's waterborne trade goes through California, which creates 1.6 million jobs; generates \$30.5 billion in personal income, and provides federal revenue of 10 billion dollars annually. For all of this it is only 2 – 4 % of Gross State Product is port related, versus Alaska where it is almost 20%.

The Port of Los Angeles became the nation's most valuable trade conduit in 2003, surpassing John F. Kennedy International Airport in New York for most total value of goods imported and exported through any freight gateway, according to the U.S. Bureau of Transportation Services. According to the bureau, \$122 billion in imports and exports passed through the Port of Los Angeles in 2003 more than JFK's \$112 billion. It was a jump of \$18 billion for the port since 2001, while the value of goods shipped through JFK has dropped more than \$4 billion in the same period. You are moving a lot of

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containers when the number one container import is furniture and the number one container export is wastepaper in order to move \$122 billion worth of cargo.

California's ports currently have \$3.5 billion in debt. Collectively they will be spending over \$5 billion for capital infrastructure over the next ten years. On a water-side basis, California only received 25% of the monies paid into the Harbor Maintenance Fund for ongoing maintenance dredging activities.

There are several issues the ports are facing. First of which is community engagement or as I call it: quality of life for the port's neighbors. This includes regular two-way communications with the ports senior leadership and the myriad of groups that live, work and play in the vicinity; developing useable public access to the ports; reducing traffic congestion, improving air and water quality, and restoring aquatic ecosystems.

The second issue revolves around our environmental – as society has changed towards the environment, so have the ports. Everything is on the table to improve our environment while allowing for the continued cargo growth. For water quality this includes: storm water run off, ballast water discharges, cruise ship discharges, copper bottom paint, treated wood, and dredging. For air quality this includes emissions from ships underway as well as at the dock, trucks, trains, cargo handling equipment, dredges, and ferries.

The third issue is transportation, which really breaks down to being congestion and air quality issues. The carriers are building larger ships, the ports are responding by dredging deeper and building larger terminals. The next sections of the supply chain need to be expanded. For the railway system, this includes improved railway yards, grade separations, and additional tracks. For the road system this includes intermodal facilities, bridge and corridor replacements and expansions. At the same time better utilization of technology will speed up the movement of cargo and limit the need for as many truck trips.

Now on to the meat of this presentation, the Corps provides two things to us. First you bring the federal contracting process to our projects. Second, you are a conduit to federal funds for our projects. The Corps has taken a lot of hits by those who don't know about the Corps, they just want to stop projects. And, you worry about that. I suggest

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you as individuals and the Corps needs to worry about those who understand the needs of water resources and think the Corps doesn't have the capability to meet those needs.

Just as you have superiors, so do we. Ours include our residents and elected officials. It is difficult for us to explain to our elected officials that we need to go to our Congressional representative once again and that our project has to take priority over the other needs of the larger community. It is also difficult for us to go once again to our Congressional representative, especially if we told him or her last year was the last year we would be asking for funding.

We need you to develop a schedule and stick to it. Yes, it may be difficult for an individual project with the appropriations process. However, across the program your budget has been relatively static and you should be able to proactively allocate your non-money resources to meet the individual project appropriated needs. We want you to think that doing it better next time is not sufficient. To us, there is no next time this is the project we will live with. To us on the outside there appears to be a "don't know what to do" mentality when something new, different, or unexpected arises. The first reaction is to do nothing, and I literally mean "do nothing." We have to get past this and move projects forward. The Corps as an institution accepts schedule slips and delays as a matter of course. This must end!

There seems to be a "flavor of the month" directive, that while not occurring monthly, provides a steady flow of initiatives and goods ideas that flood into the districts on a regular basis. Many of these directives may be worth while and may focus at the "back of the house", they never the less impact the "front of the house" business. Both Headquarters and the MSC's need to have a better understanding of what the impact of this flood is on the pointy end of the stick.

Please view us as equity partners in the process. We get lost when we are viewed as stakeholders, customers, or partners. Every man, woman and child in the United States is a stakeholder. View us as equity partners not just because we bring money to the table, but because we will live with the final project.

This is a partnership; we came to the federal government and said we believe we have a project of national significance. The Chief of Engineers, along with a host of others, agreed with that premise and so we have a project. The project and the greater watershed

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are enhanced when we work together as a team and our skills and viewpoints are respected.

Don't forget our smaller members. Some of our members have full-time staff and numerous consultants working on navigation projects. Most local sponsors do not. Keep your project managers engaged with all the sponsors even in the out years.

We support the federal contracting capabilities you bring to the team. Please use them fully and multi-task our projects. The days of linear project progression are long gone.

I would be remiss if I did not touch briefly upon the regulatory program of the Corps. It is a necessary program and one that we believe should reside within the Corps. As you move into your regional business centers, I hope that you will see what works in one district and try to mimic that in other districts. It is easy to blame Congress for not providing more funding. We need to recognize that there will never be enough funding and we can improve the process by educating the applicants, communicating regularly with applicants and responsible agencies, and breaking loose of the stovepipes and sharing the work load.

We are all aware of the critical backlog of projects in this nation and that it is very unlikely that increased funding will become available. At the same time we are salami slicing the funding to existing projects so that everyone gets some funding, even if it drags out the completion of the projects, costs both the local sponsor and federal treasury more money, diminishes or restricts the economic benefits. The point I want to get across to you is do not dilute our projects. You have multi-million dollar projects that will take several years to complete. Please be aware of the problems of suggesting or adding large projects in on near the same congressional district. This will just make the slices smaller.

One of the items CMANC has articulated for several years is full execution by the Corps of its basic navigation, shore and flood protection mission as well as environmental restoration and recreation authorized by Congress. Yes, for the sake of the Nation, the Corps needs to have a vision. You need to develop and train your staff. You need to organize to make the best use of your limited resources. Just do not forget at the end of the day you need to get the job done. The goal is not to sustain the Corps; it is to do the Nation's work. We look to you for deeds not words.

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The Corps has great people and outstanding leadership. It has done the nation's work. This nation has tremendous needs as we change from an industrial to service based society. We have under invested in our infrastructure; we have become a trader amongst nations, rather than a trader between its states. And we are asking you to take up the challenge to continue to meet this Nation's needs. There is only one resource in abundant supply that is being provided - your individual ingenuity.

Just remember that it is a team effort and we all need to be sitting at that round table.